

FISCAL NOTE

HB 2151 - SB 2072

March 14, 2005

SUMMARY OF BILL: Reduces the state sales tax rate from seven percent (7%) to three and one-half percent (3.5%) on leased aircraft when such aircraft is leased by an air transportation company as part of its regularly established business.

ESTIMATED FISCAL IMPACT:

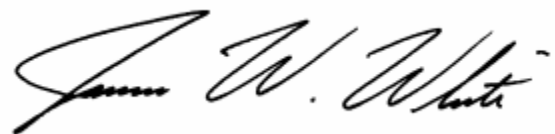
Decrease State Revenues - \$500,000

Assumptions:

- Twelve owners of aircraft registered in Tennessee included the word "leasing" in their company name.
- State sales tax collections attributable to the twelve aircraft leasing companies were approximately \$1,008,200.
- Reducing the state sales tax rate on aircraft lease agreements by 50% will decrease state revenues by an amount estimated to exceed \$500,000 per year.
- Local sales tax collections are unaffected.
- Department of Revenue utilizes existing resources to implement new tax rate on aircraft lease agreements.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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